

United States District Court Southern District of Texas

Case Number: H-06-1853

ATTACHMENT

Description: Memorandum of Law in support of
Plt's Motion for preliminary injunction

☐ State Court Record

☐ State Court Record Continued

☐ Administrative Record

☐ Document continued - Part 5 of 8 ||

☐ Exhibit to: _____
number(s) / letter(s) _____

Other: _____

Nation's Restaurant News January 1, 2000

are being entertained and romanced, and they feel really that the experience is meeting — and hopefully exceeding — their expectations.

"That means that we cannot rest. We need to continue to look for ways to reinvent and push the envelope. So we're testing things. We're experimenting. And at the same time we're executing our core business."

In that vein the Starbucks team encourages ideas to come from anyone and anywhere.

"If you bring an idea to Howard, he looks to enhance the idea and incorporate it into a business model in order to grow the business," Rubinfeld says. "And that opportunistic approach to ideation is very strong and is what made this company. To Howard there are no limitations. Everything is possible, and we can achieve anything we set our minds to achieve."

Name: Howard Schultz

Age: 46

Occupation: Chairman and chief executive, Starbucks Coffee Co.

Career Highlights: Seeing the day when Starbucks became the first company in America to provide equity and comprehensive health care to part-time employees

Hometown: Brooklyn, N.Y.

Personal: Married, two children

Education: bachelor's degree, Northern Michigan University

Hobbies: Reading voraciously, spending time with family

LAC-CREATE-DATE: March 7, 2000

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Employee Benefit News

January 01, 2000

LENGTH: 1081 words

HEADLINE: The way to their hearts: Food and beverage delectables take their place among benefits valued by employees

BYLINE: Aimee Fitzgerald

BODY:

Dressed in shorts and sandals on a warm summer day, a man and woman select a snack from a fully stocked pantry and sip gourmet coffee. Afterward, they stop to ask the concierge to arrange an on-site haircut appointment and purchase tickets to a local show.

A day at the Ritz in Southern California? Hardly. Just another day at the offices of GeoAccess Inc. in Overland Park, Kan.

Call it benefit inflation if you like, but more and more employers throughout the country are finding that the way to employees' hearts isn't just through traditional "core" benefits anymore.

In fact, a recent survey conducted by Ceridian Employer Services showed more and more companies offering "work perks" such as free food and beverages and entertainment/company-product discounts - even to the exclusion of some benefits one might presume more to have a greater impact on attracting and retaining employees.

For example, only 27% of surveyed firms offer telecommuting, while just 15% offer fitness centers, and less than 1% provide on-site child care. But 36% of the firms - with work forces ranging in size from two to 5,000 - provided free food or beverages and 40% offered employee entertainment or company product discounts.

"Stock options and bonuses are still great ways to attract and retain the best employees," says Diane McNutt, director of human resources at Ceridian. "But it's flexibility and care that win the hearts and minds of employees today. Let's face it. That's the name of the game in a tight labor market."

Silicon on the prairie

GeoAccess provides managed care software and Internet applications, along with outsourcing services, to managed care organizations, employers, consulting firms and regulatory agencies. As a fast-growing technology company based just outside Kansas City, GeoAccess recruits nationally and needs to remain competitive with firms in Silicon Valley, Silicon Alley, and everywhere in between.

"Employee-friendly benefits help create a progressive culture that fosters productivity, creativity, and teamwork," believes Stu Bauman, GeoAccess partner and co-founder.

Among the latest non-traditional benefits at GeoAccess is on-site corporate concierge service. A full-time employee provides the service to all 200 employees at no charge to them. She performs personal tasks and errands for staff throughout the workday, Bauman explains, so employees can be more productive and have more free time when they are away from work.

The concierge's range of services is extensive. Some of her more common tasks, says Bauman, include vacation planning, arranging for auto and home maintenance, and feeding pets. They may also include the not-so-common chores such as conducting a global search for a rare piece of artwork an employee wanted to purchase. GeoAccess' concierge handles 50 to 60 individual tasks per week and drives approximately 1,000 miles each month. Nearly three-fourths of GeoAccess' 200 employees have used the concierge services at least once.

According to Bauman, the program has been "a huge success," fitting well into the company's corporate culture.

Employee Benefit News January 01, 2000

GeoAccess also offers free catered lunches every day, fully stocked kitchens and pantries in all office areas, flexible hours, and casual dress. Grown out of a commitment to provide customers with the greatest productivity and creativity possible, GeoAccess' unique benefits program "allows employees to focus on the things that matter most to our business and to our clients," says Bauman.

The results speak for themselves, says Bauman. In an industry where turnover rates hover around 30% per year, GeoAccess sports a 15% rate. The company, founded in 1990, has been named one of the nation's fastest-growing private companies by Inc. Magazine for three consecutive years.

Office coffee goes gourmet

Drinking coffee at work obviously isn't new. But of the more than 52 million people who get their coffee from their workplaces each day, only 30% say they are "very satisfied," according to a recent Gallup Focus Report. And 35% of workplace coffee-drinkers are purchasing their coffee from somewhere outside of work each day.

To employers around the country, those statistics mean that nearly 29 million workers are taking time away from work or on their way to work to find coffee they enjoy - usually gourmet coffee. To Seattle-based Starbucks Coffee Company, those statistics meant an opportunity to expand its presence in the workplace while meeting American companies' demands for greater productivity.

With Starbucks' expanded office coffee program, employers nationwide now can order Starbucks coffee for direct shipment to their offices. Whether through concierge services or gourmet coffee, Tony Aronson, director of consumer products for Starbucks, notes a rising trend among American businesses to boost productivity by helping employees get more of their needs met on-site.

"Availability of premium-quality coffee in the office means that employees don't have to go out to purchase it," he says. "Employers tell us that equates to time saved, happier employees and increased productivity."

According to Aronson, early results of the program indicate that employers are generally offering the Starbucks coffee at their own expense as a way to enhance the workplace environment. "Companies want their employees to like being at work," he explains, "and to see the office break room as a comfortable gathering place." He has seen particularly high demand for the Starbucks office coffee program in high-tech offices and in other firms employing a highly skilled, high-demand work force.

"Gourmet coffee isn't going to match stock options as a benefit," Aronson allows, but adds that companies are finding that the sum of the little things they do to make an employee feel valued play a large part in recruitment and retention. "At Starbucks, we recognize that much of today's lifestyle is based on working hard and playing hard. People want the little luxuries that make them feel a little more appreciated and important."

Ceridian's McNitt agrees that unique perks won't replace traditional employee benefits. She also expects that the benefits employers offer will continue to change as the world in which their employees live changes. "Employers are trying to foster the sense that they care about the well-being of their employees and want to help them balance the many aspects of their lives," she says. "It's a healthy trend."

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June 23, 2000

LENGTH: 648 words

HEADLINE: Starbucks and Johnson Development Corporation to Celebrate the Second Starbucks Store in the Rainier Valley

BODY:

Success of First Retail Location in South Seattle Neighborhood Inspires New Store Opening

SEATTLE, June 23 /PRNewswire/ — Starbucks Coffee Company (Nasdaq: SBUX) and Johnson Development Corporation (JDC), an Earvin "Magic" Johnson company, will celebrate the opening of a new Starbucks store in the South Seattle community of Rainier Valley.

The new store, located at 2921 Martin Luther King Way, will be the site of a special community open house on Saturday, June 24, from 1:00 p.m. to 4:30 p.m. This celebration coincides with the one-year anniversary of the Columbia City store opening, the first Starbucks/JDC joint venture store to open in the Rainier Valley.

"The community response to our Columbia City store has been overwhelming," said Earvin "Magic" Johnson, chairman and ceo, JDC. "We are proud to be able to bring another joint venture store to the South Seattle neighborhood, and hope that it follows in the footsteps of Columbia City in becoming a community gathering place."

Both Rainier Valley locations are part of a 50/50 joint venture between Starbucks and JDC to develop Starbucks stores in under-served locations throughout the United States. This innovative venture, Urban Coffee Opportunities (UCO), was announced in February 1998, and combines the retail strength of Starbucks with JDC's knowledge of under-served communities in key metropolitan areas.

"Becoming part of the fabric of our communities is a key component of Starbucks heritage," said Howard Schultz, chairman and chief global strategist, Starbucks Coffee Company. "The joint venture stores are giving back in many ways, from our partners (employees) volunteer involvement in local organizations to becoming part of the revitalization of communities across North America."

UCO is committed to continuing expansion into inner city locations, and plans to open at least 10 additional stores by the end of the year 2000. Every Starbucks and JDC joint venture store features a special mural depicting Earvin "Magic" Johnson. In addition to a commitment to hiring locally, the venture also works with local non-profit organizations to develop long-term relationships that will benefit the community.

"I was born and raised in the Rainier Valley and I am thrilled to have the opportunity to manage a Starbucks store in my own community," said Delmar Sherell, store manager at the Martin Luther King Way Starbucks. "Starbucks and JDC are both committed to helping foster the growth of this neighborhood, and by working together and hiring from within our community, I believe we can make a real difference."

JDC, a company formed in 1994 by Johnson, is comprised of five separate companies, each functioning independently to serve as a business stimulus, foster local economic growth and create financial empowerment in long neglected minority urban and suburban neighborhoods. JDC develops entertainment complexes, restaurants and retail centers. The development projects provide jobs and employ local minority contractors in the communities in which they operate.

Starbucks Coffee Company is the leading retailer, roaster and brand of specialty coffee in the world. In addition to

PR NEWSWIRE June 23, 2000

its retail locations in North America, the United Kingdom, the Pacific Rim and the Middle East, Starbucks sells coffee and tea products through its specialty operations, including its online store at Starbucks.com. Additionally Starbucks produces and sells bottled Frappuccino(R) coffee drink and a line of superpremium ice creams through its joint venture partnerships and offers a line of innovative premium teas produced by its wholly owned subsidiary, Tazo Tea Company.

/CONTACT: Elsa Kastner of Starbucks Coffee Co., 206-292-5100, ext. 2527; Kim Willis of Johnson Development Corp., 310-247-1994; or Anita Lavine of MWW/Savitt, 206-587-7730, for Starbucks Coffee Co./ 12:30 EDT

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July 20, 2000, Thursday

DISTRIBUTION: Business Editors

LENGTH: 428 words

HEADLINE: Starbucks Named One of the Most Valuable Brands in the World

DATELINE: SEATTLE, July 20, 2000

BODY:

Starbucks Coffee Company (Nasdaq:SBUX) has been ranked among the top 75 global brands in a comprehensive survey by Interbrand, the world's leading brand consultancy (www.interbrand.com/valuebrands.html). As a newcomer to this prestigious list of the world's most valuable brands, Starbucks was ranked 72.

The Interbrand survey is now in its second year and was developed to help global companies and investors quantify and track the contribution that their brands make to their business. The findings of the survey were released on July 18.

"It is quite an honor for Starbucks to be included on the list with some of the world's best known brands," said Howard Schultz, chairman and chief global strategist of Starbucks Coffee Company. "This recognition underscores the rapidly growing appeal and status of the Starbucks brand in the global marketplace. As we are still in the very early days of our growth, it is very gratifying for us to receive the industry's respect and recognition."

Last month, Starbucks topped the rankings as the most preferred restaurant chain in Tokyo, Japan, in an industry survey by Nikkei Restaurant, one of Japan's most far-reaching and highly respected food service industry publications. The survey also ranked Starbucks as number one for customer service, store design and cleanliness.

In a recent book published by Interbrand, Starbucks was highlighted as one of the 25 great brands in the next 25 years. In the book, *Twenty-Five Visions: The Future of Brands*, Starbucks received multiple mentions by international business visionaries for being both a strong brand and a future great brand.

"These worldwide accolades highlight the overwhelming positive reception of the Starbucks brand on the global stage," said Schultz. "We are well on our way to achieving our goal of becoming an enduring global brand."

Starbucks Coffee Company is the leading retailer, roaster and brand of specialty coffee in the world. In addition to its retail locations in North America, the United Kingdom, the Pacific Rim and the Middle East, Starbucks sells coffee and tea products through its specialty operations, including its online store at Starbucks.com. Additionally Starbucks produces and sells bottled Frappuccino(R) coffee drink and a line of superpremium ice creams through its joint venture partnerships and offers a line of innovative premium teas produced by its wholly owned subsidiary, Tazo Tea Company.

CONTACT: Starbucks Coffee Company
Soon Beng Yeap, 206/587-7430

URL: <http://www.businesswire.com>

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Starbucks Named One Of The Most Valuable Brands In The World

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November 15, 2000, Wednesday

DISTRIBUTION: Business & Lifestyle Editors**LENGTH:** 635 words**HEADLINE:** Gingerbread Lane: Drink the Legs First! Come Home to Starbucks for Whimsical New Beverage and Return of Eggnog Latte and Christmas Blend**DATELINE:** Nov. 15, 2000**BODY:**

Gingerbread Cookie. Gingerbread House. Gingerbread Lane? Sure! This holiday season, you can enjoy the spicy flavor of gingerbread in a delicious new Starbucks beverage. Starbucks Coffee Company (Nasdaq:SBUX) invites customers to enjoy Gingerbread Latte, a seasonal twist on its signature Caffe Lane.

"We have captured the nostalgic flavor of gingerbread in a festive beverage to enjoy during the holidays," said Mary Williams, Starbucks senior vice president, Coffee. "The dense, caramel-like sweetness of our Espresso Roast coffee perfectly complements the spicy aroma and full smooth flavor of our Gingerbread Latte."

Starbucks Gingerbread Latte starts with a traditional Caffe Latte, enhanced with Starbucks proprietary gingerbread syrup and topped with whipped cream and nutmeg. Introduced today, Gingerbread Latte will be available in Starbucks coffeehouses throughout North America and the United Kingdom, and in other select international markets through the end of December 2000.

The holidays wouldn't be complete without Starbucks seasonal favorite, Eggnog Latte. Customers have been anxiously awaiting the annual arrival of this rich, creamy, festive treat year after year for more than a decade. Starbucks creates its Eggnog Latte by combining signature espresso with steamed eggnog and milk, then topped with a sprinkle of nutmeg.

In addition to delicious holiday beverages, customers may also purchase Starbucks Christmas Blend, a holiday tradition now in its 16th year. The most anticipated and popular coffee of the year, Starbucks Christmas Blend is well balanced and full-bodied with a dramatic spicy flavor. Designed to complement a variety of holiday dishes, Starbucks Christmas Blend pairs wonderfully with traditional holiday foods, such as roasted turkey basted with sage butter or baked apples with cloves, as well as with holiday desserts such as pumpkin pie. To create the unique flavors in this blend, Starbucks combines Indonesian and Latin American coffees with rare, aged Indonesian beans.

"As customers, partners (employees) and friends turn their attention homeward this season, we hope that Starbucks Christmas Blend can play a part in their holiday celebrations," continues Williams. "This is an exotic, smooth coffee that intrigues you with its spiciness and delights you with its complexity."

Christmas Blend, also available as Holiday Blend, may be purchased whole bean or ground and regular or decaffeinated. The coffee is available in one-pound bags (regular \$11.95 U.S./\$15.75 CAN; decaffeinated \$12.45 U.S./\$16.95 CAN), half-pound bags (regular \$6.30 U.S./\$8.65 CAN) and 2.5-ounce bags (regular \$2.25 U.S./\$2.75 CAN). For those looking for a fun gift for a coffee lover, or an alternative gift for a host/hostess, Christmas Blend is a great option. Christmas Blend is also available in a variety of prepackaged gift packs and can be purchased at Starbucks coffeehouses, online at Starbucks.com and by calling 1-800 STARBUC.

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Business Wire November 15, 2000, Wednesday

partnerships and offers a line of innovative premium teas produced by its wholly owned subsidiary, Tazo Tea Company.

CONTACT: Starbucks Coffee Company

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November 16, 2000, Thursday

SECTION: STATE AND REGIONAL NEWS

DISTRIBUTION: TO CITY EDITOR

LENGTH: 586 words

HEADLINE: Help Make a Child's Holiday Special-Participate in Starbucks Holiday Angels Program

DATELINE: PITTSBURGH, Nov. 16

BODY:

Celebrate the spirit of giving this holiday season by contributing to Starbucks Holiday Angels Program. Starting today (November 16) through the beginning of December, customers can donate gifts for children 12 years of age and younger at Starbucks retail locations across the United States and Canada.

"The holiday season is a special time for giving," said Kelly DeRonne, Marketing Specialist for Starbucks Coffee Company. "There are many children who, without community support and generosity, would miss out on the joy the holiday season has to offer."

During the holidays, special gift tags will be displayed at Starbucks retail locations across North America. The gift tags, for both boys and girls, are printed with age appropriate gift suggestions. Customers can purchase gifts and then return them to Starbucks for distribution to children in local communities by The Salvation Army.

Starbucks has partnered with The Salvation Army to facilitate the Starbucks Holiday Angels Program. The Salvation Army has more than 120 years experience in making a positive contribution in local communities. Gifts donated by Starbucks customers will be delivered to local Salvation Army centers. The Salvation Army will then distribute the gifts to children and families who have registered for assistance.

"We like to make sure that everyone has a reason to celebrate the holidays," said Julie Rhoda, corporate relations director for The Salvation Army in Dallas. "The Starbucks Holiday Angels Program is wonderful because it affords people an opportunity to help others in a simple but meaningful way — by providing gifts for underprivileged children."

Founded by William Booth in London in 1865, The Salvation Army is an international organization that meets the needs of people in 107 countries around the globe and nearly 1,400 communities across America without discrimination. With services including disaster relief, food and shelter for the hungry and homeless, substance abuse rehabilitation, child and adult day care, summer camps, educational and athletic programs for at-risk youth, job training and referrals, medical care and more, The Salvation Army assists more than 33 million individuals throughout the year in the United States — over 6 million of those during the holiday season alone.

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NOTE: Locally, the Squirrel Hill Starbucks will kick off the Starbucks Holiday Angels Program with a Salvation Army band performance on Saturday, November 18th from 11:30 a.m. to 12:30 p.m.

SOURCE The Salvation Army; Starbucks Coffee Company

CONTACT: Ginny Knor, Divisional Director, Marketing/PR of The Salvation Army, 412-394-4864; or Jennifer Morris, Manager of the Squirrel Hill Starbucks, 412-621-7733; or Kelly DeRonne of Starbucks Coffee Company, 248-650-7995, ext. 2216

PR Newswire November 16, 2000, Thursday



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November 16, 2000, Thursday

DISTRIBUTION: Business Editors**LENGTH:** 1989 words**HEADLINE:** Starbucks Reports Fourth Quarter and Fiscal 2000 Results; 35% Increase in Pro Forma Net Earnings for Both Periods; 9% Comparable Store Sales Growth for Fiscal 2000**DATELINE:** Nov. 16, 2000, Oct. 1, 2000, Oct. 3, 1999**BODY:**

Starbucks Corporation (Nasdaq:SBUX) today announced that pro forma net earnings increased by 35 percent for both the fourth quarter and fiscal year ended October 1, 2000, which included 13 and 52 weeks, respectively. The same periods in fiscal 1999 included 14 and 53 weeks, respectively.

"Starbucks financial success and rapid domestic and international growth in fiscal 2000, positions us well to achieve our goal of becoming one of the most recognized and respected brands in the world," said Howard Schultz, chairman and chief global strategist at Starbucks Coffee Company.

The Company also announced the write-down of the majority of its equity positions in Kozmo.com, Inc., Cooking.com, Inc. and Talk City, Inc. In August 2000, the Company announced a pre-tax non-cash charge of \$20.6 million representing 100 percent of the carrying value of its investment in Living.com Inc. Following a detailed review, Starbucks determined its remaining Internet investments had experienced an other than temporary impairment of \$38.2 million. In total, Starbucks recorded a pre-tax, non-cash charge of \$58.8 million (\$42.3 million after-tax) for the 13-week period ending October 1, 2000 to write its Internet investments down to their fair values. After the write-down, the carrying cost of all Internet investments on the Starbucks balance sheet is \$4.8 million. The write down of these investments does not affect Starbucks earnings target for fiscal year 2001 of \$0.90 to \$0.92 per share.

For the fourth quarter (13 weeks) ended October 1, 2000, consolidated net revenues were \$582 million compared to consolidated net revenues of \$475 million for the fourth quarter (14 weeks) of fiscal 1999. On a comparable 13 week basis, for the period ended October 1, 2000, consolidated net revenues increased 32 percent, retail revenues increased 29 percent to \$487 million and specialty revenues increased 50 percent to \$95 million. Comparable store sales increased 10 percent as compared with the same 13 week period of fiscal 1999.

Systemwide retail store revenue, which includes net revenues for both company-operated and licensed retail stores, increased to \$625 million for the 13 weeks ended October 1, 2000 from \$476 for the 14 weeks ended October 3, 1999.

Pro forma net earnings for the fourth quarter of fiscal 2000, excluding non-cash Internet investment losses, were \$43.8 million or \$0.22 per share, an increase of 35 percent, compared to \$32.4 million or \$0.17 per share for the fourth quarter of fiscal 1999. Net earnings, including the non-cash investment losses, were \$1.5 million, or \$0.01 per share, for the fourth quarter of fiscal 2000.

For the 52 weeks ended October 1, 2000, consolidated net revenues were \$2.2 billion compared to \$1.7 billion for the 53 weeks ended October 3, 1999. On a comparable 52 week basis, for the period ended October 1, 2000, consolidated net revenues increased 32 percent, retail revenues increased 31 percent to \$1.8 billion and specialty revenues increased 38 percent to \$346 million. Comparable store sales increased 9 percent as compared to the same 52-week period in fiscal 1999.

Systemwide retail store revenues for the 52-week period ended October 1, 2000 increased to \$2.3 billion compared to \$1.6 billion for the 53-week period in fiscal 1999.

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Pro forma net earnings for fiscal 2000, excluding the non-cash investment losses of \$58.8 million, were \$136.8 million or \$0.71 per share, an increase of 35 percent, compared to \$101.7 million or \$0.54 per share for fiscal 1999. Net earnings, including the non-cash investment losses, were \$94.6 million, or \$0.49 per share, for fiscal 2000.

STORE INFORMATION

	Stores opened during the 52 weeks ended Oct. 1, 2000	Stores open as of
Continental North America:		
Company-Operated Stores	417	2,446
Licensed Stores	361	530
	<u>778</u>	<u>2,976</u>
International:		
Company-Operated Stores	73	173
Licensed Stores	184	352
	<u>257</u>	<u>525</u>
Total	<u>1,035</u>	<u>3,501</u>

The Company also reiterated its fiscal 2001 goals:

- to open at least 1,100 new company-operated and licensed stores globally;
- to increase total revenues approximately 25 to 30 percent;
- to grow comparable store sales in the middle single digits, with monthly anomalies;
- to achieve earnings per share of \$0.90 to \$0.92 for the full fiscal 2001.

The Company will be holding a conference call today at 1:30 p.m. pacific time, which will be hosted by Howard Schultz, chairman and chief global strategist, Orin Smith, president and chief executive officer and Michael Casey, executive vice president and chief financial officer.

The call will be broadcast live over the Internet and can be accessed at <http://www.starbucks.com/aboutus/investor.asp>. A replay of the call will be available from approximately 4:00 p.m. Pacific, today through 4:00 p.m. Pacific on Monday, November 20, 2000, by calling 800-633-8284, reservation number 16512609 or by accessing it via the Company's website at: <http://www.starbucks.com/aboutus/investor.asp>.

Starbucks Coffee Company is the leading retailer, roaster and brand of specialty coffee in the world. In addition to its more than 3,500 retail locations in North America, the United Kingdom, the Pacific Rim and the Middle East, Starbucks sells coffee and tea products through its specialty operations, including its online store at starbucks.com. Additionally Starbucks produces and sells bottled Frappuccino coffee drink and a line of superpremium ice creams through its joint venture partnerships and offers a line of innovative premium teas produced by its wholly owned subsidiary, Tazo Tea Company.

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements, including anticipated store openings, trends in or expectations regarding the Company's operations and financial results, are based on currently available operating, financial and competitive information and are subject to various risks and uncertainties. Actual future results and trends may differ materially depending on a variety of factors including but not limited to, coffee and other raw material prices and availability, successful execution of internal performance and expansion plans, the impact of competition, the effect of legal proceedings and other risks detailed in the Company's filings with the Securities and Exchange Commission.

CONSOLIDATED STATEMENT OF EARNINGS

Business Wire November 16, 2000, Thursday

	Three Months Ended		Twelve Months Ended	
	Oct. 1, 2000 (13 weeks)	Oct. 3, 1999 (14 weeks)	Oct. 1, 2000 (52 weeks)	Oct. 3, 1999 (53 weeks)
(In thousands, except earnings per share)				
Systemwide retail store				
revenues (a)	\$625,000	\$476,000	\$2,250,000	\$1,633,000
Net revenues				
Retail	\$487,074	\$405,922	\$1,823,607	\$1,423,389
Specialty	94,918	68,971	345,611	256,756
Total net revenues	581,992	474,893	2,169,218	1,680,145
Cost of sales				
and related occupancy	250,783	199,734	953,560	741,010
Gross margin	331,209	275,159	1,215,658	939,135
Joint venture income	8,745	3,166	20,300	3,192
Store operating expense	185,927	161,498	704,898	543,572
Other operating expense	22,805	17,049	78,374	54,566
Depreciation and				
amortization	35,731	26,949	130,232	97,797
General and				
administrative	27,385	22,276	110,202	89,681
Operating income	68,106	50,553	212,252	156,711
Interest/other income,				
net	1,899	1,657	7,110	7,315
Non-cash Internet				
investment losses	58,792	0	58,792	0
Earnings before				
income taxes	11,213	52,210	160,570	164,026
Income taxes	9,717	19,843	66,006	62,333
Net earnings	\$1,496	\$32,367	\$94,564	\$101,693
Earnings per share				
-diluted	\$0.01	\$0.17	\$0.49	\$0.54
Shares used in				
calculation	195,294	188,172	192,999	188,531
Pro Forma Information (b):				
Pro forma net				
earnings	\$43,753	\$32,367	\$136,821	\$101,693
Pro forma earnings per share				
- diluted	\$0.22	\$0.17	\$0.71	\$0.54
Selected Balance Sheet				
Data (in millions):	Oct. 1, 2000			

Business Wire November 16, 2000, Thursday

Cash and Short-term Investments	\$ 133	\$118
Long-term Debt	\$ 7	\$ 7
Equity	\$1,148	\$961

(a) Systemwide retail store revenues include net revenues for both company-operated and licensed retail stores.

(b) Pro forma information excludes non-cash, pre-tax investment losses of \$58.8 million (\$42.3 million after-tax)

CONSOLIDATED STATEMENT OF EARNINGS

	Three Months Ended		Twelve Months Ended	
	Oct. 1, 2000	Oct. 3, 1999	Oct. 1, 2000	Oct. 3, 1999
	(13 weeks)	(14 weeks)	(52 weeks)	(53 weeks)
Net revenues				
Retail	83.7%	85.5%	84.1%	84.7%
Specialty	16.3%	14.5%	15.9%	15.3%
Total net revenues	100.0%	100.0%	100.0%	100.0%
Cost of sales and related occupancy	43.1%	42.1%	44.0%	44.1%
Gross margin	56.9%	57.9%	56.0%	55.9%
Joint venture income	1.5%	0.7%	0.9%	0.2%
Store operating expense (a)	38.2%	39.8%	38.7%	38.2%
Other operating expense (b)	24.0%	24.7%	22.7%	21.3%
Depreciation and amortization	6.1%	5.7%	6.0%	5.8%
General and administrative	4.7%	4.7%	5.1%	5.3%
Operating income	11.7%	10.6%	9.8%	9.3%
Interest/other income, net	0.3%	0.4%	0.3%	0.5%
Non-cash Internet investment losses	10.1%	0.0%	2.7%	0.0%
Earnings before income taxes	1.9%	11.0%	7.4%	9.8%
Income taxes	1.6%	4.2%	3.0%	3.7%
Net earnings	0.3%	6.8%	4.4%	6.1%
Pro forma net earnings	7.5%	6.8%	6.3%	6.1%

(a) Calculated as a percentage of retail revenues.

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(b) Calculated as a percentage of specialty revenues.

<http://www.businesswire.com/cnn/sbux.htm> NOD+ number is: 800/239-0317

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